



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

September 11, 2012

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

News

9/11/12 HHS announced that insurance companies provided approximately 13 million consumers with \$1.1 billion in rebates this summer due to the ACA's medical loss ratio (MLR) requirements. According to HHS' national estimates, rebates will be an average of \$151 dollars for each eligible family. According to data released by HHS, in Massachusetts, 163,949 consumers will receive an average rebate per family of \$140.

The ACA's MLR rules establish the minimum dollar percentage that health insurance companies must spend of consumers' health insurance premiums on medical care, not on income, overhead or marketing. Starting with the 2011 reporting year, the ACA required insurance companies in the individual and small group markets to spend at least 80% of collected premium dollars on medical care and quality improvement activities; insurance companies in the large group market are required to spend at least 85%. Insurance companies must report their MLR data to HHS on an annual basis so that residents of every state will have information on the value of the health plans offered by insurance companies in their state. Under the MLR rules, insurance companies that do not meet the MLR standard are required to provide rebates to their consumers. Rebates must be paid by August 1st each year and insurers made the first round of rebates to consumers in 2012.

Under §10101 of the ACA, health insurers in the group and individual markets that meet or exceed the applicable MLR standard are required to notice their members. In addition for the 2011 MLR reporting year, plans must send their customers a notice about the plan's MLR even if they meet the requirements and don't have to offer rebates. Consumers owed a rebate received the rebate in one of the following ways: a rebate check in the mail; a lump-sum reimbursement to the same account that they used to pay the premium if by credit card or debit card; a reduction in their future premiums; or their employer providing one of the above,

or applying the rebate in a manner that benefits its employees.

For a detailed breakdown of the MLR rebates by state and by market, visit:
<http://www.healthcare.gov/law/resources/reports/mlr-rebates06212012a.html>

For the text of these proposed notifications, visit:
<http://cciio.cms.gov/resources/other/index.html#mlr>

Read the final MLR rule at: <http://www.gpo.gov/fdsys/pkg/FR-2012-05-16/pdf/2012-11753.pdf>

9/11/12 HHS also announced that because of the ACA's rate review program, which has prevented insurance companies from raising rates without any accountability, consumers have saved an estimated \$1 billion on health care premiums. The rate review program requires that insurers seeking rate increases of 10% or more for non-grandfathered plans in the individual and small group markets publicly and clearly disclose the proposed increases and the justification for them. Such increases are reviewed by either state or federal experts (in states that do not have a rate review program deemed effective by HHS) to determine whether they are unreasonable. Although the ACA does not grant HHS the authority to block a proposed rate increase, companies whose rates have been determined unreasonable must either reduce their rate hikes or post a justification on their website within 10 days of the rate review determination. CMS determined that both the individual and small-group markets in Massachusetts meet the standards and that the Commonwealth does have an effective rate review process. According to HHS, 42 states have used their rate review grant funds to strengthen and improve the rate review process. The rate review program authorized under ACA §1003 began September 1, 2011.

Massachusetts has received two rate review grants under §1003 of the ACA. In August of 2010 the Division of Insurance (DOI) was awarded a \$1 million grant. In September of 2011 DOI was awarded \$3,385,165 in a second round of grant awards will "help fight unreasonable premium increases and protect consumers." The funds have helped to expand the scope of rate review, improve rate filing requirements and improve transparency and consumer interfaces.

Read the new rate review report at: <http://www.healthcare.gov/law/resources/reports/rate-review09112012a.html>.

Information on how states are using their rate review grant funds is available at:
<http://www.healthcare.gov/law/resources/reports/rate-review09202011a.pdf>

Information about which states have effective rate review programs can be found at:
http://cciio.cms.gov/resources/factsheets/rate_review_fact_sheet.html

Read the final rate review rule issued in September 2011 at:
<http://www.gpo.gov/fdsys/pkg/FR-2011-09-06/pdf/2011-22663.pdf>

Upcoming Events

Quarterly Affordable Care Act Implementation Stakeholder Meeting

Wednesday, September 19, 2012

1:00 PM- 2:00 PM

1 Ashburton Place, 21st Floor

Boston, MA

*The topic of the meeting will be Essential Health Benefits.

Bookmark the **Massachusetts National Health Care Reform website** at: [http://mass.gov/national health reform](http://mass.gov/national_health_reform) to read updates on ACA implementation in Massachusetts.

Remember to check <http://mass.gov/masshealth/duals> for information on the **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.